

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 INT-08 COME-00 SCEM-02 TRSE-00

SCI-06 L-03 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03

RSC-01 USIA-15 PRS-01 SPC-03 SS-15 NSC-10 OMB-01

CIEP-02 DRC-01 /107 W

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R 120615Z OCT 73

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8437

INFO AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

C O N F I D E N T I A L HONG KONG 10266

NOFORN

E.O. 11652: XGDS-2

TAGS: ETRD ENRG CH US

SUBJ: US OIL COMPANIES INVITED BACK TO CANTON

REF: HONG KONG 3220

SUMMARY: IN A WELCOME INDICATION OF CONTINUED INTEREST IN US OIL EQUIPMENT AND TECHNOLOGY. PEKING HAS INVITED SEVERAL US OIL EQUIPMENT FIRMS PLUS FIVE MAJOR OIL AND CHEMICAL FIRMS TO THE FALL CANTON TRADE FAIR. END SUMMARY

1. TWO OIL FIELD EQUIPMENT FIRMS, BAKER TRADING AND BYRON JACKSON CO., PLUS OTHER US OIL COMPANIES WILL ATTEND THIS FALL'S CANTON TRADE FAIR. FOLLOWING ATTENDANCE AT THE SPRING FAIR AND TALKS IN PEKING (HK5602), BAKER SUBMITTED 13 MAJOR TECHNOLOGICAL PROPOSALS. IN RESPONSE, THE CHINESE HAVE INVITED BYRON JACKSON (WHICH MAKES EQUIPMENT INCLUDED IN THE PROPOSALS). AND BAKER TO CANTON. ANOTHER FIRM
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WHOSE EQUIPMENT IS INVOLVED IN BAKER'S PROPOSALS, HUGHES

TOOL CO., HAS BEEN INVITED DIRECTLY TO PEKING. ACCORDING TO BAKER PRESIDENT J. RAY PACE, JACKSON REPRESENTATIVES WILL DISCUSS OIL STIMULATION TECHNOLOGY AND HUGHES WILL DISCUSS OIL DRILLING BITS. PACE WILL FOLLOW UP HIS EARLIER PROPOSALS AND HOPES TO ENGAGE IN ADDITIONAL DISCUSSIONS. PACE ALSO HOPES TO PURCHASE ADDITIONAL QUANTITIES OF TWO OIL DRILLING AIDS (GROUND WALNUT SHELLS AND CLAY) IN A FOLLOW-UP TO HIS INITIAL PURCHASES OF SAMPLES AT THE SPRING FAIR (HK A-200).

2. IN DISCUSSING PRC INTEREST IN US PETROLEUM TECHNOLOGY, PACE TOLD CONGENOFFS THAT THE GEO-SPACE CO. OF HOUSTON LAST WEEK COMPLETED SEVEN WEEKS OF TALKS IN CANTON OF THE POSSIBLE SALE OF SEISMIC EQUIPMENT FOR OIL EXPLORATION. PACE DID NOT KNOW THE RESULTS OF THESE DISCUSSIONS. (SUGGEST WASHINGTON CONTACT GEO-SPACE.)

3. CONGEN HAS ALSO LEARNED THAT FIVE OTHER US OIL AND CHEMICAL FIRMS WHICH ATTENDED THE SPRING FAIR (ESSO (HK), MOBIL (HK), CALTEX (HK), UNION CARBIDE (US) AND DOW (HK)), HAVE RECEIVED INVITATIONS TO RETURN TO CANTON FOR THE FALL FAIR. ACCORDING TO COMPANY REPRESENTATIVES, THE CHINESE HAVE EXPRESSED INTEREST IN DISCUSSING BOTH PURCHASE AND SALE OF A RANGE OF CHEMICAL AND PETROLEUM PRODUCTS.

4. FOLLOWING RECENT REPORTS OF NUMEROUS PRC CONTACTS WITH THE JAPANESE OIL INDUSTRY (HK 10197), THESE INVITATIONS TO US FIRMS ARE A WELCOME INDICATION OF CONTINUED CHINESE INTEREST IN US OIL TECHNOLOGY AND OIL FIELD EQUIPMENT AND PETROLEUM PRODUCTS WITH A HIGH TECHNOLOGICAL CONTENT. PACE NOTED THAT THE INVITATION ISSUED TO JACKSON AND HUGHES CAME FROM THE CHINA NATIONAL TECHNICAL IMPORT CORP. (TECHIMPORT) AND NOT FROM MACHIMPEX WHICH HAD ORGINALLY INVITED BAKER TO PEKING. OTHER COMPANY REPRESENTATIVES EXPECT THEIR DISCUSSIONS TO CONTINUE TO CONCERN HIGH TECHNOLOGY PRODUCTS SUCH AS HIGH GRADE MOTOR OILS, PETROLEUM ADDITIVES, SPECIAL FUELS, HYDRAULIC FLUIDS, ETC.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, TRADE PROMOTION, TRADE FAIRS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973HONGK10266
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X2 OSBORN
Errors: N/A
Film Number: n/a
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731036/aaaabahf.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: HONG KONG 3220
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 28 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28-Aug-2001 by boyleja>; APPROVED <18-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US OIL COMPANIES INVITED BACK TO CANTON
TAGS: ETRD, ENRG, CH, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005